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MAN SANG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board of directors (the “**Board**”) of Man Sang International Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	70,445	68,634
Cost of sales		(60,483)	(62,830)
		<hr/>	<hr/>
Gross profit		9,962	5,804
Other income and gains, net		1,662	1,930
Selling expenses		(1,785)	(6,566)
Administrative expenses		(31,513)	(24,265)
Reversal of impairment loss on trade and other receivables		870	–
Impairment loss on right-of-use assets		(3,364)	(3,689)
Impairment loss on property, plant and equipment		(10,202)	(11,067)
Impairment loss on properties held for sales		(12,393)	(4,232)
Decrease in fair value of investment properties		(59,095)	(37,569)
Finance income	5	5	19
Finance costs	5	(68,732)	(78,844)
		<hr/>	<hr/>
Loss before tax	6	(174,585)	(158,479)
Income tax expense	7	(6,221)	(1,174)
		<hr/>	<hr/>
Loss for the period		(180,806)	(159,653)
		<hr/>	<hr/>
Attributable to:			
Equity holders of the Company		(180,190)	(160,905)
Non-controlling interest		(616)	1,252
		<hr/>	<hr/>
		(180,806)	(159,653)
		<hr/>	<hr/>
LOSS PER SHARE			
– basic and diluted (<i>HK cents</i>)	9	(28)	(25)
		<hr/>	<hr/>

	Six months ended	
	30 September	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(180,806)	(159,653)
Other comprehensive income (expenses):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	<u>1,180</u>	<u>(24,868)</u>
Total comprehensive expenses for the period	<u>(179,626)</u>	<u>(184,521)</u>
Total comprehensive expenses for the period attributable to:		
Equity holders of the Company	(178,969)	(185,838)
Non-controlling interests	<u>(657)</u>	<u>1,317</u>
	<u>(179,626)</u>	<u>(184,521)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		30 September 2024	31 March 2024
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	<i>10</i>	1,255,609	1,280,227
Property, plant and equipment	<i>10</i>	435,808	441,299
Right-of-use asset		145,067	147,023
Intangible assets		1,629	1,615
		1,838,113	1,870,164
Current assets			
Properties held for sales		302,893	306,986
Inventories		80	81
Trade and other receivables	<i>11</i>	36,548	37,969
Contract assets	<i>11</i>	12,337	7,768
Amounts due from related companies		15,194	14,138
Cash and cash equivalents		19,506	19,044
		386,558	385,986
Current liabilities			
Trade and other payables	<i>12</i>	150,740	145,870
Amounts due to related companies		19,560	21,552
Tax payables		151,669	144,383
Bank and other borrowings	<i>14</i>	1,460,568	1,382,419
Lease liability		50	344
		1,782,587	1,694,568
Net current liabilities		(1,396,029)	(1,308,582)
Total assets less current liabilities		442,084	561,582

		30 September 2024	31 March 2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred income tax liabilities		10,273	10,224
Promissory notes	<i>13</i>	914,892	903,862
Bank and other borrowings	<i>14</i>	85,668	77,277
Unsecured borrowings from a director	<i>15</i>	539,291	498,633
		<u>1,550,124</u>	<u>1,489,996</u>
Net liabilities		<u>(1,108,040)</u>	<u>(928,414)</u>
Capital and reserves			
Share capital		323,599	323,599
Reserves		(1,429,929)	(1,250,960)
Equity attributable to owners of the Company		(1,106,330)	(927,361)
Non-controlling interests		(1,710)	(1,053)
Total equity		<u>(1,108,040)</u>	<u>(928,414)</u>

NOTES

1. GENERAL INFORMATION

Man Sang International Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 14/F Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong respectively. The immediate and ultimate holding company and the ultimate controlling party of the Company is China DaDi Group Limited, which is incorporated in the British Virgin Islands (the “**BVI**”) and Mr. Hu Xingrong (“**Mr. Hu**”), an executive director of the Company, respectively.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are engaged in the sales of properties, operation of serviced apartments, provision of property management services, leasing of properties, renovation and decoration services and hotel management.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

In preparing the condensed consolidated interim financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group reported net loss of approximately HK\$180,806,000 for the six months ended 30 September 2024 and as at 30 September 2024, the Group had net liabilities of approximately HK\$1,108,040,000, of which approximately HK\$1,452,967,000 and HK\$11,125,000 of bank borrowing and construction payable, which classified as current liabilities, respectively were in default and the lenders have the right to demand immediate repayment of the entire outstanding balances as at 30 September 2024. Moreover, the Group is involved in litigations requesting the Group to settle the defaulted borrowing along with interests and the construction payable. Details of litigations are in the note 16 to this interim results announcement. As at 30 September 2024, the Group’s cash and cash equivalents amounted to approximately HK\$19,506,000.

The directors of the Company have been undertaking a number of measures to improve the Group’s liquidity and financial position, and to remedy delayed repayments to the bank and construction supplier. The condensed consolidated interim financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the following measures:

- (a) The Group has been communicating with the bank and construction supplier to rearrange the repayment schedules of defaulted bank borrowing and construction payable;

- (b) Provision of the drawdown of the Group’s unused loan facilities with Mr. Hu of approximately HK\$604,700,000 (note 15), all of which will expire in December 2025;
- (c) Provision of the drawdown of the Group’s unused loan facilities with Mr. Hu’s controlled related company of approximately HK\$23,298,000 (note 14), which will expire in December 2025;
- (d) The Group will implement further cost reduction measures to minimise the operating costs and retain resources for the Group’s property management and renovation business which shall provide positive cash flows to maintain the Group’s operations. The Group is assessing and considering different feasible solutions for the Group to improve its operations, including but not limited to obtaining additional equity/loan financing from Mr. Hu and/or his related companies and other options for reducing debt burden of the Group.

The above conditions and the matters indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to achieve the above-mentioned measures, it might not be able to continue in business as a going concern, and adjustments would have to be made to write down the carrying value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for investment properties which are measured at fair value at the end of each reporting period.

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024 except as described below.

Application of New and Amendments to HKFRSs

In the current interim period, the Group has applied all the new and reversed Hong Kong Financial Reporting Standard (“**HKFRSs**”) issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated interim financial information:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-Current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-maker (“**CODM**”). The management of the Company determines the operating segments based on the Group’s internal reports, which are reviewed by the CODM for performance assessment and resources allocation.

The Group's operating businesses are structured and managed separately according to the nature of the operations and the product perspectives. Each of the Group's reportable operating segment represents a strategic business unit that are subject to risks and returns that are different from the other reportable operating segment. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group. Details of the reportable operating segments are as follows:

1. Chongqing property – Property development, sales and leasing of properties;
2. Property management services – Provision of property management services;
3. Renovation and decoration – Provision of renovation and decoration services;
4. Hotel operation in Japan – Hotel and golf club operations in Hokkaido, Japan.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 September 2024 (unaudited)

	Chongqing Property <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Renovation and decoration <i>HK\$'000</i>	Hotel operation in Japan <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
Revenue from external customers	<u>21,536</u>	<u>11,316</u>	<u>31,649</u>	<u>5,944</u>	<u>70,445</u>
Segment (loss) profit	(156,960)	901	2,630	(1,146)	(154,575)
Unallocated income					928
Unallocated expenses					<u>(20,938)</u>
Loss before tax					<u>(174,585)</u>

For the six months ended 30 September 2023 (unaudited)

	Chongqing Property <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Renovation and decoration <i>HK\$'000</i>	Hotel operation in Japan <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
Revenue from external customers	<u>25,306</u>	<u>11,177</u>	<u>25,370</u>	<u>6,781</u>	<u>68,634</u>
Segment (loss) profit	(131,182)	(1,871)	7,276	(1,725)	(127,502)
Unallocated income					1
Unallocated expenses					<u>(30,978)</u>
Loss before tax					<u>(158,479)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain expenses, certain impairment loss on right-of-use assets, certain finance income and certain finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

5. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
– Bank interest income	(5)	(19)
Finance costs:		
– Interest on bank and other borrowings	41,058	40,589
– Interest on unsecured borrowings from a director	16,638	15,850
– Interest on promissory notes	11,030	22,060
– Interest on lease liabilities	6	345
	68,732	78,844

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cost of properties recognised as an expense	–	7,342
Reversal of impairment loss on trade and other receivables	(870)	–
Impairment loss on right-of-use assets	3,364	3,689
Impairment loss on property, plant and equipment	10,202	11,067
Impairment loss on properties held for sales	12,393	4,232
Depreciation of property, plant and equipment	9,222	11,169
Depreciation of right-of-use assets	2,567	3,218

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC Enterprise Income Tax	6,674	1,659
	<hr/>	<hr/>
Deferred income tax	(453)	(485)
	<hr/>	<hr/>
	6,221	1,174
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax

No Hong Kong Profits Tax has been provided since no assessable profits have been generated during the six months ended 30 September 2024 (2023: nil).

Japan Corporate Income Tax

No Japan Corporate Income Tax has been provided since no assessable profits have been generated during the six months ended 30 September 2024 (2023: nil).

The PRC Enterprise Income Tax

The PRC Enterprise Income Tax in respect of operations in the PRC is calculated at a rate of 25% (2023: 25%) on the estimated assessable profits for the six months ended 30 September 2024 under the Law of the PRC's on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

The PRC Land Appreciation Tax

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value under the applicable regulations, which is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs, statutory deduction and all property development expenditures.

8. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to equity holders of the Company for the purpose of calculation of the basic and diluted loss per share	<u>(180,190)</u>	<u>(160,905)</u>
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share	<u>647,199</u>	<u>647,199</u>

The denominators used are the same as those calculated above for both basic and diluted loss per share.

As there was no potential dilutive shares in issue during the six months ended 30 September 2024 and 2023, basic and diluted loss per share are the same for both reporting periods.

10. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Valuations of the Group's investment properties as at 30 September 2024 and 31 March 2024 were performed by CHFT Advisory and Appraisal Limited, an independent professional valuer not connected with the Group who holds recognised relevant professional qualification and have recent experience in valuing similar properties in the similar locations for the properties located in Chongqing.

The fair value measurements for the investment properties are categorised in level 3 of the fair value hierarchy. There were no transfers between levels of fair value hierarchy during the six months ended 30 September 2024 and year ended 31 March 2024.

The valuation of the investment properties was determined by using the market approach or income approach. In estimating the fair value of the Group's investment properties, the highest and best use of these properties is their current use.

Under the market approach, by making reference to the observable comparables from market.

Under the income approach, by making reference to the capitalised income derived from market observable transactions.

There are no changes to the valuation techniques as at 30 September 2024 and 31 March 2024.

During the six months ended 30 September 2024, there was no addition to the Group's investment properties (six months ended 30 September 2023: HK\$27,000). As at 30 September 2024, the carrying amount of the investment properties was approximately HK\$1,255,609,000 (31 March 2024: HK\$1,280,227,000), with decrease in fair value of investment properties of approximately HK\$59,095,000 during the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$37,569,000).

During the six months ended 30 September 2024, additions to the Group's property, plant and equipment were approximately HK\$6,000 (six months ended 30 September 2023: HK\$69,000).

During the six months ended 30 September 2024, an impairment loss on property, plant and equipment amounted to approximately HK\$10,202,000 (six months ended 30 September 2023: HK\$11,067,000) was recognised in profit or loss.

11. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade receivables	22,929	22,294
Less: allowance for impairment of trade receivables	<u>(4,068)</u>	<u>(4,938)</u>
	18,861	17,356
Deposits and other receivables	18,079	20,950
Less: allowance for impairment of other receivables	<u>(1,682)</u>	<u>(1,682)</u>
Prepayments	<u>1,290</u>	<u>1,345</u>
Total trade and other receivables	<u>17,687</u>	<u>20,613</u>
Portion classified as current assets	<u>36,548</u>	<u>37,969</u>
Contract assets	<u>12,337</u>	<u>7,768</u>

The Group allows an average credit period of 0-60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates to revenue recognition date, at the end of the reporting period.

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0-30 days	15,806	15,026
31-90 days	1,025	997
91-180 days	255	424
More than 180 days	<u>1,775</u>	<u>909</u>
	<u>18,861</u>	<u>17,356</u>

12. TRADE AND OTHER PAYABLES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	16,632	10,582
Construction costs accruals and payables	54,735	55,105
Contract liabilities	3,260	3,579
Other accruals and payables	76,113	76,604
	150,740	145,870

13. PROMISSORY NOTES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Promissory notes:		
– More than 1 year but less than 2 years	914,892	903,862

On 14 March 2023, the maturity date of the promissory notes has been further extended from 28 July 2023 to 31 December 2025. Details are set out in the Company's announcement dated 14 March 2023.

On 1 December 2023, the Company and Total Idea International Limited entered into a side letter on which the interest rate of promissory notes shall accrue from 8% to 4% per annum with effect from 1 December 2023 and up to the maturity date. Details are set out in the Company's announcement dated 1 December 2023.

14. BANK AND OTHER BORROWINGS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Other borrowings – unsecured	93,269	85,055
Bank borrowing – secured	1,452,967	1,374,641
	1,546,236	1,459,696
Current:		
Unsecured other loan – principal portion (<i>note (i)</i>)	1,554	2,700
Unsecured other loan – interest portion (<i>note (i)</i>)	6,047	5,078
Secured bank loan – principal portion (<i>note (ii)</i>)	1,343,870	1,307,597
Secured bank loan – interest portion (<i>note (ii)</i>)	109,097	67,044
	1,460,568	1,382,419
Non-current:		
Unsecured other loan – principal portion (<i>notes (i) and (iii)</i>)	76,702	69,096
Unsecured other loan – interest portion (<i>notes (i) and (iii)</i>)	8,966	8,181
	85,668	77,277
Total bank and other borrowings	1,546,236	1,459,696

Notes:

- (i) The unsecured other borrowings as at 30 September 2024 represented the unsecured borrowings from related companies, which are beneficially owned by Mr. Hu, with outstanding principal amount of RMB1,400,000 (31 March 2024: RMB3,900,000), equivalent to HK\$1,554,000 (31 March 2024: HK\$4,212,000) carrying fixed interest rate of 15% per annum (31 March 2024: 15% per annum); and interest payable of approximately RMB5,448,000 (31 March 2024: RMB5,315,000), equivalent to approximately HK\$6,047,000 (31 March 2024: HK\$5,739,000), which are repayable on the maturity date.

As of 14 May 2023, the repayment date for the outstanding principal amount of RMB1,400,000, equivalent to HK\$1,554,000 and interest payable of RMB719,000, equivalent to HK\$798,000, both as at 30 September 2024, has been extended from 14 May 2023 to 14 May 2025. All other terms remained unchanged.

The repayment date for interest payable of RMB4,729,000, equivalent to HK\$5,249,000, has been extended from 20 November 2023 to 20 November 2024. All other terms remained unchanged.

- (ii) The secured bank borrowing with total principal amount of approximately RMB1,210,738,000 (31 March 2024: RMB1,210,738,000), equivalent to approximately HK\$1,343,870,000 (31 March 2024: HK\$1,307,597,000).

The secured bank borrowing carries a fixed interest rate of 5.3% per annum with interest payable quarterly and will mature on 30 March 2035 based on the borrowing agreement.

At the end of the reporting period, carrying amounts of the Group's assets pledged to secure the bank borrowing of the Group were as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Property, plant and equipment	393,696	398,767
Properties held for sale	302,893	306,986
Right-of-use asset	145,067	147,023
Investment properties	1,255,609	1,280,227

As at 30 September 2024, the Group's secured bank borrowing with carrying amount of approximately HK\$1,343,870,000 (31 March 2024: HK\$1,307,597,000) is subject to the fulfilment of covenants relating to certain usage restriction. If the Group was to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

During the year ended 31 March 2024, the Group breached certain terms of the bank borrowing, which are primarily related to the default payment of the Group. As a result of the above breach, the bank has right to demand immediate repayment based on the borrowing agreement, and as a result, the bank has the right to serve a notice and require the Group to repay the entire principal and defaulted interest of approximately HK\$1,452,967,000 as at 30 September 2024 (31 March 2024: HK\$1,374,641,000). On 22 July 2024, the interest rate including the defaulted interest is adjusted from 7.425% to 7.275% per annum. The bank has initiated legal proceedings against the Group to recover the outstanding loan amount owed to them. Details of the legal proceedings are set out in note 16 to this interim results announcement.

- (iii) On 1 July 2021, an unsecured revolving loan facility with facility amount of HK\$100,000,000 has been granted from a related company, which is beneficially owned by Mr. Hu, which carries a fixed interest rate of 8% per annum, with maturity date on 31 December 2025.

As at 30 September 2024, unsecured revolving loan facility with aggregate principal amount of approximately HK\$76,702,000 (31 March 2024: HK\$67,584,000) has been drawn down and interest payable of approximately HK\$8,966,000 (31 March 2024: HK\$7,520,000), which will be repayable on the maturity date. The remaining loan facility with principal amount of approximately HK\$23,298,000 (31 March 2024: HK\$32,416,000) has not yet been utilised.

15. UNSECURED BORROWINGS FROM A DIRECTOR

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Unsecured borrowings denominated in RMB (<i>note (i)</i>)		
– principal portion	383,410	363,051
– interest portion	141,116	120,817
	524,526	483,868
Unsecured borrowing denominated in HK\$ (<i>note (ii)</i>)		
– interest portion	14,765	14,765
	539,291	498,633
Amounts shown under non-current liabilities	539,291	498,633

Notes:

- (i) On 1 June 2018 and 29 August 2018, an unsecured revolving loan facility with an aggregate facility amount of RMB500,000,000 has been granted from Mr. Hu to certain subsidiaries established in the PRC which carries a fixed interest rate of 9% per annum, which will be repayable on the maturity date.

On 30 November 2021, the maturity date of the above-mentioned loan facility has been further extended from 6 July 2022 to 6 July 2023 while the other terms remained unchanged.

On 14 March 2023, the maturity date of the above-mentioned loan facility has been further extended to 31 December 2025 while the other terms remained unchanged.

On 27 June 2023, the Group was granted an additional facility amount of RMB300,000,000 from Mr. Hu while the other terms remained unchanged.

On 1 October 2023, the fixed interest rate is adjusted down from 9% to 5% per annum for the period from 1 October 2023 to 31 March 2024. Afterwards, it carried at 9% per annum.

As at 30 September 2024, unsecured borrowings with aggregate principal amount of approximately RMB345,315,000 (31 March 2024: RMB336,158,000), equivalent to approximately HK\$383,410,000 (31 March 2024: HK\$363,051,000), has been drawn down, remaining approximately RMB454,685,000 (31 March 2024: RMB463,842,000), equivalent to approximately HK\$504,700,000 (31 March 2024: HK\$500,949,000), has not yet been utilised.

- (ii) On 7 January 2019, another unsecured revolving loan facility with maximum facility amount of HK\$100,000,000 has been granted from Mr. Hu to an indirectly wholly-owned subsidiary of the Company, which carries a fixed interest rate of 8% per annum, with maturity date on 6 July 2022.

On 12 October 2021, unsecured borrowings and outstanding interest of HK\$100,000,000 were settled by the issuance of subscription shares of the Company.

On 14 March 2023, the maturity date of the above-mentioned loan facility has been extended to 31 December 2025.

As at 30 September 2024 and 31 March 2024, none of the facility has been drawn down. The effective interest rate of the unsecured borrowing is 8% per annum.

At the end of the reporting period, the Group has the following undrawn facilities granted from a director:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Fixed rate		
– expiring on 31 December 2025	604,700	600,949

16. LITIGATIONS

- (i) As disclosed in note 2 and 14 to this interim results announcement, the Group breached certain of the terms of the bank borrowing, which are primarily related to the default payment of the Group. The financial institution (the “**Bank**”) has initiated legal proceedings against the Group to recover the outstanding loan amount owed to them on 31 August 2023 (the “**Legal Proceedings**”).

On 27 June 2024, a hearing was held at the Chengyu Financial Court* (成渝金融法院) (the “**Court**”) in respect of the Legal Proceedings. On 24 July 2024, the Company has received a judgment (“**Judgment**”) handed down by the Court in respect of the Legal Proceedings. Pursuant to the Judgment, the Court has ordered, (i) the Group to repay the outstanding principal and interests as of 31 May 2024 which approximate to RMB1,308,861,000 (equivalent to HK\$1,413,568,000), and the outstanding interests for the period from 1 June 2024 until date of settlement (collectively, the “**Judgment Debt**”) to the Bank within 10 days from the effective date of the Judgment; (ii) that the Bank is entitled to enforce its rights under the mortgage in respect of the pledged properties for repayment of the Judgment Debt; and (iii) the Group and Mr. Hu to jointly bear the legal fees of RMB6,236,000 (equivalent to HK\$6,735,000) of which has not yet been recognised in the profit or loss for the six months ended 30 September 2024.

On 7 August 2024, the Group lodged an appeal against the Judgment at the Chongqing City People’s Supreme Court (重慶市高級人民法院) (“**People’s Supreme Court**”). On 24 October 2024, a hearing was held at the People’s Supreme Court in respect of the appeal. For further details on the Legal Proceedings, please refer to the Company’s announcements dated 5 June 2024, 6 June 2024, 27 June 2024, 24 July 2024, 7 August 2024, 22 October 2024 and 24 October 2024.

The directors of the Company are of the opinion that, after considering legal advice, the Group has defended against the claims, along with viable counterclaims. As of the date of these condensed consolidated interim financial statements, the Legal Proceedings have not been concluded.

- (ii) As at 30 September 2024, the Group is embroiled in a legal dispute with the contractor concerning a construction payable of approximately HK\$11,125,000 and the certain units of the properties held for sales of the Group were sealed based on court orders. These units were potentially subject to auction proceedings due to court orders, but no further auction-related actions had been taken as of date of approval of these condensed consolidated interim financial statements, with the units neither listed for auction nor sold. The directors of the Company are of the opinion that the net realisable value of the sealed properties is sufficient to settle the outstanding amount, and no additional liabilities are anticipated to be incurred.

17. EVENT AFTER THE REPORTING PERIOD

On 13 November 2024, the Group entered into an equity transfer agreement with 中投華為移動通訊技術(北京)有限公司 (Zhongtou Huawei Mobile Communication Technology (Beijing) Co., Ltd.), a connected person of the Company, to acquire the entire equity interest in 成都多弗商業管理有限責任公司 (Chengdu Doof Commercial Management Co., Ltd.) (“**Chengdu Doof**”), a company incorporated in the PRC with limited liability, for a consideration of RMB5,000,000. Chengdu Doof is principally engaged in commercial property management and artificial intelligence software development. For details of the equity transfer agreement, please refer to the Company’s announcement dated 13 November 2024.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The board (the “**Board**”) of directors (the “**Directors**”) of Man Sang International Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”) is pleased to report the results for the six months ended 30 September 2024 (the “**Current Period**”). During the Current Period, basic loss per share was approximately HK\$0.28 (six months ended 30 September 2023: approximately HK\$0.25), and total comprehensive expenses was approximately HK\$179,626,000 (six months ended 30 September 2023: approximately HK\$184,521,000).

BUSINESS REVIEW

During the Current Period, the Group had engaged in four business segments including (i) property development, sales and leasing of properties in Chongqing city (“**Chongqing City**”) of the People Republic of China (the “**PRC**”); (ii) provision of property management services; (iii) provision of renovation and decoration services; and (iv) hotel and golf club operations in Hokkaido of Japan, to create diversified income sources for the Group.

Chongqing Property

Revenue for the Current Period: approximately HK\$21,536,000 (six months ended 30 September 2023: approximately HK\$25,306,000)

Chongqing Kingstone Land Co., Limited* (重慶皇石置地有限公司) (“**Chongqing Kingstone**”), an indirect wholly-owned subsidiary of the Company, holds a property located at 77 Qingnian Road, Yuzhong District, Chongqing City (the “**Chongqing Property**”). It is just a short distance away from the bustling Jiefangbei Central Business District, and is within walking distance to famous attractions, pedestrian lane and accessible to the city metro lane.

The Chongqing Property comprises of residential apartments (for sale), serviced apartments (managed by an internationally renowned hotel management group) and a shopping mall (for lease).

Included in the Chongqing Property, the shopping mall is classified as “Investment Properties”, the fair value of which amounted to approximately HK\$1,255,609,000, which was equivalent to approximately 56.44% of total assets of the Group as at 30 September 2024.

* For identification purpose only

For the Current Period, although the PRC government had focused on stabilizing of the domestic real estate market by imposed a series of monetary and fiscal policies including setup of fund to support State-owned enterprises to purchase some of the unsold properties from developers as affordable housing, cutting down payment ratios for first and second-time homebuyers and lowering the mortgage interest rate. At the same time, many cities had launched housing trade-in programs to current owners and had scrapped stringent restrictions on the purchase of properties to boost demand. However, the recovery of the real estate market remained slow, and the demand remained weak. As a result, the sales of our residential apartments fell short of our expectations. For the Current Period, the Group did not sell any residential apartments. The shopping mall leasing income dropped for the Current Period due to lack of income from one time offer activities and negative rental reversion. Our operation of serviced apartments leasing maintained its average occupancy rate of over 80% for the Current Period. With the use of flexible sales strategies to optimize customer mix and deepening the cost control policies, our serviced apartments leasing business maintained a leading position among its competitors in the area.

Chongqing Kingstone (as borrower) entered into a loan agreement (the “**Loan Agreement**”) with a financial institution (the “**Lender**”) on 31 March 2020 in respect of a loan of the principal amount of RMB1,250 million (the “**Loan**”) for a term from 31 March 2020 to 30 March 2035. The Loan was secured by, among other things, a mortgage over the Chongqing Property and a personal guarantee provided by Mr. Hu Xingrong (“**Mr. Hu**”), the controlling shareholder and an executive director of the Company.

During the year ended 31 March 2024, Chongqing Kingstone breached certain terms of the Loan Agreement, which related to default payment. On 5 June 2024, Chongqing Kingstone received a formal hearing notice from Chengyu Financial Court* (成渝金融法院) (the “**Court**”) at Chongqing City that a hearing in respect of legal proceedings (“**Legal Proceedings**”) for recovery of the outstanding principal amount of the Loan of approximately RMB1,212 million due from Chongqing Kingstone, the related interests and other related expenses.

On 6 June 2024 and 27 June 2024, hearings were held at the Court in respect of the Legal Proceedings.

On 24 July 2024, Chongqing Kingstone received a judgment (the “**Judgment**”) handed down by the Court in respect of the Legal Proceedings.

On 7 August 2024, Chongqing Kingstone filed an appeal against the Judgment at the Chongqing City People’s Supreme Court (重慶市高級人民法院) (the “**People’s Supreme Court**”) within the prescribed period.

On 24 October 2024, a hearing was held at the People’s Supreme Court in respect of the Legal Proceedings. At the hearing, both Chongqing Kingstone and the Lender agreed to negotiate off the court on whether to conduct a mediation on the case.

* For identification purpose only

As at the date of this announcement, no further judgment had been issued by the People's Supreme Court in respect of the Legal Proceedings and the Judgment handed down by the Court on 24 July 2024 has not yet become effective.

Details of the Legal Proceedings are set out in the announcements of the Company dated 5 June 2024, 6 June 2024, 27 June 2024, 24 July 2024, 7 August 2024, 22 October 2024 and 24 October 2024.

Chongqing Kingstone has been carrying out its operations as usual in all material respects after the default of the Loan. The Company will continue to consult with its PRC legal advisers to proactively advocate and enforce its rights under the Legal Proceedings and to monitor the impact of the Legal Proceedings on the Group. In the meantime, the management of Chongqing Kingstone will continue to actively negotiate with the Lender for settling the dispute amicably and for revising the terms of the Loan Agreement.

The Company is optimistic about the outcome of the negotiation in view of the on-going feedback from the Lender during the negotiation process. If an agreement could be reached, it is expected that the Legal Proceedings will be settled and the revised terms of the Loan Agreement would be more favorable to the Group as compared to the existing terms thereof and the repayment schedule of the revised Loan Agreement would be similar to the existing term of full and final repayment in March 2035.

Property Management Services

Revenue for the Current Period: approximately HK\$11,316,000 (six months ended 30 September 2023: approximately HK\$11,177,000)

In 2020, the Group entered into the property management industry and created synergies with the Group's other businesses and has diversified the income sources of the Group.

Zhejiang Huiyong Property Management Service Co., Ltd. (浙江暉永物業管理服務有限公司) (“**Huiyong**”), an indirect wholly-owned subsidiary of the Company has several property management projects on hand as well as several potential projects in Zhejiang, Sichuan, Jiangsu, Fujian, Shanxi and Guizhou regions. The properties under management comprised a variety of property types including residential communities, retail premises, office premises, sales offices and scenic areas, etc.

Since its establishment, Huiyong has been committed to developing a high-quality property service brand. The company takes leading domestic property service enterprises as benchmarks and adheres to the development philosophy of “quality first, brand foremost”. As a pioneer in innovations in property management area, it keeps abreast of the times and carries out management rigorously. It gains deep insights on customer needs with advanced and scientific service concepts. Placing customer needs at the forefront, the company employs cutting-edge property service systems and butler-style services to enhance service quality and efficiency while reducing service costs. Continuously creating greater value for customers, Huiyong is committed to building a better life and strives to become a top-tier service provider in China.

During the Current Period, the management team of Huiyong undertook a thorough review and realignment of its three-year development strategy. We made the decisive move to exit low-efficiency and non-profitable projects so that our resources are redirected towards areas with greater potential and prospects. Additionally, Huiyong places a high priority on staff training and development. In this regard, it has established a well-structured three-tier training framework. Regular training sessions are organised, covering a range of topics such as professional skills, management techniques, and service excellence, all aimed at continuously improving the competence and expertise of its team members. This approach has helped us forge a highly skilled and widely praised workforce. Equipped with professional knowledge and skills, they provide high-quality services to customers, ensuring their satisfaction and trust, which is key to Huiyong's sustained development. Such a team also provides strong impetus and support for the company's future expansion, allowing Huiyong to excel in a competitive market and continually achieve new milestones.

On 13 November 2024, the Group had entered into an equity transfer agreement to acquire entire interests of a company which is principally engaged in commercial property management and development of artificial intelligence software in the PRC. Completion took place on 26 November 2024. For details of the equity transfer agreement, please refer to the Company's announcement dated 13 November 2024.

Renovation and Decoration

Revenue for the Current Period: approximately HK\$31,649,000 (six months ended 30 September 2023: approximately HK\$25,370,000)

The Group's entering into the renovation and decoration industry in 2020 has led the Group to acquire resources, skills and techniques to expand new businesses and complement other business segments.

Wenzhou Beichen Construction Co., Ltd. (温州北宸建设有限公司) ("**Beichen Construction**"), an indirect subsidiary of the Company, is principally engaged in provision of renovation and decoration services with first-class contracting qualification certificate for building renovation works in the PRC.

Beichen Construction specializes in decoration design and construction of hotels, shopping malls, office buildings, schools, hospitals, and other places. Its business is mainly located in Zhejiang, and it is currently gradually expanding business to other provinces. It has completed various quality projects with exquisite craftsmanship and sound construction management. Beichen Construction is continuously exploring new projects and focuses on public projects renovation works as its business development priority. Together with other engineering projects in progress, Beichen Construction is expected to generate sustainable revenue for the Group in the second half of the year.

Hotel Operation in Japan

Revenue for the Current Period: approximately HK\$5,944,000 (six months ended 30 September 2023: approximately HK\$6,781,000)

Tafutsu Kabushiki Kaisha* (株式會社多弗), an indirect wholly-owned subsidiary of the Company, operates a resort hotel of the Yoichi town of Hokkaido Japan. Seasonal colors decorate the resort all year round and rooms are open up to the beautiful natural surroundings. The hotel is also adjacent to an 18-hole golf course, which allows our guests to enjoy resort golfing.

Regarding its business philosophy, the management of the hotel has consistently adhered to a strategy of “persistent presence in the local community to pursue common growth”. They actively engage in close cooperation and exchanges with local government bodies and various business groups to promote the hotel and golf course, thereby expanding the local customer base. The management also seeks to attract new international customers by collaborating with specialist organisations in other parts of China, South Korea, Europe, the US, and Southeast Asia. The hotel management believes that Hokkaido Golf Castle Hotel, which is blessed with a beautiful natural environment, can leverage its unique competitive advantage of integrated facilities comprising “hotel + golf course + restaurant”, along with the continuous optimisation of its customer structure, to steadily increase revenue and profitability.

In the post-COVID-19 era, the world’s macroeconomic conditions have become increasingly unpredictable. During the Current Period, the Japanese yen has seen a continued recovery against other major global currencies, coupled with rising energy prices and labour shortages, all of which have exerted certain pressure on operations of the hotel. Despite strategic adjustments and enhanced controls had implemented by the management of the hotel during the Current Period, revenue for the period remained slightly decreased in compared with the same period last year.

PROSPECTS

Looking forward, the PRC government has implemented new fiscal and monetary policies to boost the domestic real estate market, such as certain favorable property market regulations, and facilitating domestic real estate financing. Although these new measures will take time to turnaround the real estate market in the PRC, the Board are optimistic about the long-term development of first-tier cities in the PRC and we are expecting gradual restoration of customer confidence and modest price rebound in the short and medium run. The Board are expecting the year ahead will be challenging to our business in Chongqing City. Our property management business and renovation and decoration business will leverage on their solid foundation and actively seek new business opportunities. Due to relatively small scale of operations and geographical factor, the Board are expecting the growth of the hotel and golf club operation in Japan will remain solid.

* *For identification purpose only*

Considering the recent developments of the Group, the Board will focus on (i) proactively negotiating with the lender and creditor on restructuring of the default payments; (ii) enhancing the financial performance of the existing business; (iii) reducing operation-related expenses to improve profitability; and (iv) lowering the Group's gearing ratio by further optimizing the financial costs and capital structure. In addition, we will continue to identify potential cooperations and acquisition opportunities to further diversify and strengthen our investment portfolio to provide stable income flow and business growth to the Group.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 September 2024, the Group had a total workforce of 274 (six months ended 30 September 2023: 412). The total staff cost, including directors' emoluments and mandatory provident fund contributions for the Current Period, amounted to approximately HK\$19,940,000 (six months ended 30 September 2023: approximately HK\$23,920,000). Employees are remunerated based on their performance and experience. Remuneration package is determined by reference to market conditions and individual performance.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for those Hong Kong employees who are eligible to participate in the MPF Scheme, and follows the national pension system ("**National Pension System**") for the employees of the Group's subsidiaries which operate in Japan, contributions of which are made based on a percentage of the employees' basic salaries, and the employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "**Central Pension Scheme**", together with the MPF Scheme and National Pension System, the "**Defined Contribution Schemes**") operated by the local municipal government, in which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the six months ended 30 September 2023 and 30 September 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 30 September 2023 and 30 September 2024.

For each of the six months ended 30 September 2023 and 30 September 2024, the Group did not have any defined benefit plan.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Current Period (six months ended 30 September 2023: Nil).

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

Revenue of the Group for the Current Period amounted to approximately HK\$70,445,000 (six months ended 30 September 2023: approximately HK\$68,634,000), which comprised of income from the Chongqing Property, income from operation of a hotel and golf club in Japan, income from provision of property management services and income from provision of renovation and decoration services in the PRC. The increase in revenue of approximately HK\$1,811,000 as compared to the prior period was contributed primarily from the Group's renovation and decoration segment.

The Group's gross profit for the Current Period amounted to approximately HK\$9,962,000 (six months ended 30 September 2023: approximately HK\$5,804,000), representing an increase of approximately 71.64% which was primarily due to no loss-making transaction from sales of property being recorded and improved financial performance by property management segment during the Current Period.

The Group's gross profit margin for the Current Period was approximately 14.14% (six months ended 30 September 2023: approximately 8.46%), representing an increase of 5.68 percentage points as compared to the prior period. The difference was mainly due to different gross profit margin levels resulting from different business segments and the on-going strict control on costs in all business segments.

Selling and Administrative Expenses

Selling and administrative expenses mainly comprised of selling expenses amounted to approximately HK\$1,785,000 (six months ended 30 September 2023: approximately HK\$6,566,000) and administrative expenses amounted to approximately HK\$31,513,000 (six months ended 30 September 2023: approximately HK\$24,265,000).

The Group's selling expenses decreased by approximately 72.81% which was primarily due to tightening control on staff costs during the Current Period and there was one-off expenses in related to termination of leases for the six months ended 30 September 2023.

The Group's administrative expenses increased by approximately 29.87% which was primarily due to the additional legal fee incurred for the Legal Proceedings during the Current Period.

Impairment loss on right-of-use assets/property, plant and equipment/properties held for sales

The Group provision for impairment loss on right-of-use assets, impairment loss on property, plant and equipment and impairment loss on properties held for sales for the Current Period amounted to approximately HK\$3,364,000 (six months ended 30 September 2023: approximately HK\$3,689,000), approximately HK\$10,202,000 (six months ended 30 September 2023: approximately HK\$11,067,000) and approximately HK\$12,393,000 (six months ended 30 September 2023: approximately HK\$4,232,000) based on their net realizable values as at 30 September 2024, which resulted from the adverse market conditions of the real estate industry in the PRC. The Group will review their value on a regular basis and believe their net realizable values will be rebound one the market conditions turnaround.

Decrease in fair value of investment properties

The Group's decrease in fair value of investment properties for the Current Period amounted to approximately HK\$59,095,000 (six months ended 30 September 2023: approximately HK\$37,569,000), which was mainly due to a decline in commercial property values resulted from declining demand.

Loss and total comprehensive expenses for the Current Period attributable to equity holders of the Company

The loss for the period attributable to the equity holders of the Company for the Current Period was approximately HK\$180,190,000 (six month ended 30 September 2023: approximately HK\$160,905,000) and the total other comprehensive expenses for the Current Period attributable to equity holders of the Company was approximately HK\$178,969,000 (six month ended 30 September 2023: approximately HK\$185,838,000) which mainly attributable to (i) gain in exchange differences on translation of foreign operations which amounted to approximately HK\$1,180,000; (ii) decrease in fair value of investment properties amounted to approximately HK\$59,095,000; (iii) impairment loss on properties held for sales amounted to approximately HK\$12,393,000; (iv) impairment loss on right-of-use assets amounted to approximately HK\$3,364,000; (v) impairment loss on property, plant and equipment amounted to approximately HK\$10,202,000; and (vi) finance costs amounted to approximately HK\$68,732,000.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Current Period. The capital of the Group only comprises ordinary shares.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2024, the Group has funded its operations, working capital requirement, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including receipts of leasing income from investment property, receipts from leasing of serviced apartment and hotel, receipts from property management services and renovation and decoration services and proceeds from other borrowings and unsecured borrowings from a director.

As at 30 September 2024, the Group's negative total equity was approximately HK\$1,108,040,000 (31 March 2024: approximately HK\$928,414,000), represented a decrease of approximately HK\$179,626,000 for the Current Period. The decreases for the Current Period were mainly attributable to (i) gain in exchange difference on translation of foreign operations of approximately HK\$1,180,000 as a result of a combination of Renminbi (“**RMB**”) and Japanese Yen (“**JPY**”) against Hong Kong dollars; and (ii) loss for the period amounted to approximately HK\$180,806,000.

Cash position

As at 30 September 2024, The Group had cash and cash equivalent of approximately HK\$19,506,000 (31 March 2024: approximately HK\$19,044,000). Cash and bank balances are mainly denominated in RMB.

Borrowings

As at 30 September 2024, the Group's total borrowings, comprising bank and other borrowings, promissory notes and unsecured borrowings from a director amounted to approximately HK\$3,000,419,000 (31 March 2024: approximately HK\$2,862,191,000), representing an increase of approximately HK\$138,228,000 as compared with 31 March 2024. The borrowings as at 30 September 2024 were denominated either in RMB or Hong Kong dollars (31 March 2024: same) and carried at interest rate of 4% to 15% per annum (31 March 2024: 4% to 15% per annum).

As at 30 September 2024, the entire Loan was reclassified to “Repayable on demand” due to the Legal Proceedings. The Company is optimistic about the settlement of the Legal Proceedings and the repayment terms of the Loan Agreement would be similar to the existing term of final repayment in March 2035.

Net current liabilities

As at 30 September 2024, the Group net current liabilities amounted to approximately HK\$1,396,029,000 (31 March 2024: approximately HK\$1,308,582,000).

Specifically, the Group's total current assets increased from approximately HK\$385,986,000 as at 31 March 2024 to approximately HK\$386,558,000 as at 30 September 2024. The Group's total current liabilities increased from approximately HK\$1,694,568,000 as at 31 March 2024 to approximately HK\$1,782,587,000 as at 30 September 2024.

The increased total current liabilities was primarily attributable to the increase of approximately HK\$78,149,000 in bank and other borrowings.

The current ratio, representing by total current assets divided by total current liabilities was approximately 0.22 (31 March 2024: approximately 0.23). The low current ratio was primarily due to the outstanding loan was reclassified to current liabilities as result of the Legal Proceedings.

The Group's gearing ratio, representing by bank and other borrowings, promissory notes and unsecured borrowings from a director, including current and non-current portions, divided by total equity, was approximately negative 2.71 (31 March 2024: approximately negative 3.08).

Basis of preparation of the condensed consolidation interim financial information should be reference to note 2 of the condensed consolidation interim financial information.

Pledge on asset and contingent liabilities

As at 30 September 2024, the Chongqing Property was pledged to secure the bank borrowing granted to Chongqing Kingstone.

Save as disclosed herein, as at 30 September 2024, the Group had no material contingent liabilities.

Financial risks

The main risks arising from the Group's activities are interest rate risk and foreign currency risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

Interests rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge interest rate risks. The Group manages its interest costs using variable rate bank borrowings and other borrowings.

Foreign currency rates risk

The Group's functional currency is Hong Kong Dollars. The Group has subsidiaries operating in the PRC and Japan, in which most of their transactions are conducted in RMB and JPY respectively. Fluctuation of the exchange rates of HKD against foreign currency of RMB and JPY could affect the Group's result of operations. The Group currently does not enter into any hedging contract for manage foreign exchange rate risk. The Group will closely monitor the foreign currency movements and may use hedging derivatives, such as foreign currency forward contracts, to manage its foreign currency risk if appropriate.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed herein, the Group held no significant investment as at 30 September 2024.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed herein, the Company currently does not have any future plans for material investments or capital assets, other than that on the Group's ordinary business.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed herein, for the Current Period, there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG code**”) contained on Appendix C1 to the Listing Rules on the Stock Exchange. As its own code of corporate governance. The Company had been in compliance with the principles and code provisions as set out in Part 2 of the CG code during the six months ended 30 September 2024 except for the deviation from code provision C2.1, details of which is set out below.

Under code provision C.2.1 of the Code, the roles of the chairman of the Board (the “**Chairman**”) and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Hu Xingrong was the chairman of the Board while the post of the chief executive officer of the Company (the “**CEO**”) has been vacant since the resignation of the former CEO on 20 August 2022. The Chairman focuses on the business strategy and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and the coordination of overall business operations.

Since Mr. Tam Ka Yu appointed as CEO on 22 May 2024, the roles of Chairman and the CEO are separated and the Group re-complies with code provision C.2.1 of the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules for securities transactions by the Directors. The Company confirms that, having made specific enquiry of all Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Current Period.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Current Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Current Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company, which comprises three independent non-executive directors, namely Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po, has reviewed the unaudited interim results and interim report of the Group for the Current Period and has recommended their adoption to the Board.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.msil.com.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the Current Period will be despatched to the shareholders of the Company and made available on the above websites in due course.

By Order of the Board
Man Sang International Limited
HU XINGRONG
Chairman

Hong Kong, 29 November 2024

As at the date of this announcement, the executive Directors are Mr. Hu Xingrong (Chairman), Mr. Huang Xiaohai, Mr. Jin Jiangui and Mr. Li Zhenyu; and the independent non-executive Directors are Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po.